98TH CONGRESS
2d Session
HOUSE OF REPRESENTATIVES
REPORT
98-652

WHITE HOUSE CONFERENCE ON SMALL BUSINESS

APRIL 5, 1984.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MITCHELL, from the Committee on Small Business, submitted the following

REPORT

[To accompany H.R. 5298]

[Including cost estimate of the Congressional Budget Office]

The Committee on Small Business, to whom was referred the bill (H.R. 5298) to provide for a White House Conference on Small Business, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Page 2, line 1, strike out all after the period through page 2, line 3, and insert in lieu thereof "The Conference shall be preceded by State and regional conferences with at least one such conference being held in each State.".

Page 2, line 18, after "to" insert "assemble small businesses to".

Page 3, line 6, strike out "meeting" and insert in lieu thereof "conference".

Page 3, line 8, strike out all that follows "except" through page 3, line 9, and insert in lieu thereof "an amount to cover the cost of any meal provided to such representative plus a registration fee of not to exceed $10.00.".

Page 3, line 18, strike out "designate" and insert in lieu thereof "appoint".

Page 3, line 19, strike out all after "may" through page 3, line 20, and insert in lieu thereof "appoint one hundred delegates and alternates. Only individuals from small businesses shall be eligible for appointment pursuant to this subsection.".

Page 4, line 7, strike out "make grants to, and".

Page 4, line 8, strike out "with," and insert in lieu thereof "with".

Page 6, line 10, strike out "shall be" and all that follows through page 6, line 13, and insert in lieu thereof ", including submission of the report pursuant to section 6, shall be returned to the Treasury of the United States and credited as miscellaneous receipts.".

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H723-1.

THE PURPOSE OF THE BILL

The Congress authorizes the President, under guidelines established by this legislation, to conduct prefatory State and regional conferences in each State culminating in a National White House Conference on Small Business during the period January 1, 1985, through September 1, 1986. Small business delegates to the National Conference would be selected by attendees at State and regional conferences and also by appointment by the President, Members of Congress, and State government officials. This would enable small business to develop and communicate a consensus of its ideas on Federal Government policy and needed legislation or regulatory reform and also to followup on the recommendations of the 1980 White House Conference on Small Business.

INTRODUCTION AND BACKGROUND

Chairman Mitchell and the ranking minority member, Mr. McDade, jointly sponsored H.R. 5298, along with more than 50 cosponsors, a bill to establish a followup White House Conference on Small Business.

The full committee held hearings on H.R. 5298 on April 3, 1984, in Washington, D.C., where the legislation was unanimously endorsed. The committee ordered the bill reported, with amendments, by a unanimous vote of those members present at a committee meeting held on April 4, 1984.

The background for congressional support for a White House Conference on Small Business goes back at least as far as the 95th Congress which saw the introduction of statutory provisions establishing a White House Conference on Small Business, H.R. 11445. Both Houses overwhelmingly adopted this legislation but it failed to become law.

In the 96th Congress, both Houses adopted similar statutory language in H.R. 90 and S. 918. However, this legislation was also delayed through Conference and the President, by Executive Order 12061, established the Commission which provided for the 1980 Conference.

In 1978 and 1979 President Carter instituted a series of State and regional meetings which culminated in a National White House Conference on Small Business in Washington, D.C., in 1980.

Open forums and regional conferences held in every State generated initial ideas and recommendations for the 1980 Conference. Task forces composed of small business owners with special expertise in given issue areas developed preliminary proposals for delegates to consider.

Following distribution of preliminary option papers to delegates in September 1979, 10 regional caucuses were held during the fall. At these meetings delegates added, amended, and deleted options, and collectively developed the issue agenda for the National Conference.

During four days in January 1980, 1,700 delegates debated issues and options in the 12 topic areas. Through a democratic ballot, delegates selected five options from each area they felt would best strengthen small business during the coming decade.

The 60 recommendations of the White House Conference on Small Business were the product of a year-and-a-half effort that involved

more than 25,000 small business owners. These 60 recommendations were presented in the final report of the White House Commission on Small Business.

The delegates to this Conference formed an association, Small Business United (SBU), to followup on small business issues. SBU and other small business associations and representatives have been unanimous in their request that the committee authorize the President to conduct another conference. H.R. 5298 accomplishes this. Under the provisions of this bill, the President would institute a series of State and regional meetings and a National Conference between January 1, 1985, and September 1, 1986.

As introduced by the chairman, H.R. 5298 establishes as the purpose of the Conference: To increase public awareness of the essential contribution of small business; to identify the problems of small business, especially those of minorities and women as small business owners; to assist small business in carrying out its role as the Nation's job creator; to develop recommendations for executive and legislative action demanded by small business; and to review the status of recommendations adopted at the 1980 White House Conference on Small Business.

NEED FOR THE LEGISLATION

The committee believes that continuing efforts to establish a national, broad based agenda and policy on behalf of small business in America are necessary. Using the definition of small business agreed upon by the 1980 White House Conference on Small Business (that of businesses employing 500 employees or less) the basis for this concern becomes evident: Approximately 15 million businesses, or 99 percent, of the total number of businesses fall into this category; small business produces about haf of the private sector's output of goods and services; small businesses provide about one-half of all jobs; small businesses and independent inventors contributed from 40 to 100 percent of major innovations in industries ranging from food processing to aluminum and steel production; there were approximately 560,000 minority owned businesses in the United States in 1977 according to the most recent Bureau of the Census survey; in 1977, there were approximately 702,000 women owned businesses according to the Bureau of the Census.

Prior to the 1980 White House Conference on Small Business, government efforts and "task force approaches" proved inadequate and undercapitalized. Congress decided a major effort was called for to increase public awareness of the essential contribution of small business; to identify the problems of small business, including new, small, and family enterprises; to examine the status of minorities and women as small business owners; and to develop specific and comprehensive recommendations for executive and legislative action as might be necessary.

The 1980 White House Conference on Small Business was national in scope; 25,000 persons participated in 57 meetings in every State. During these meetings, participants elected more than 1,200 representatives to continue the process; additional delegates were appointed by Governors, Members of Congress, and the President.

Recommendations were considered in 12 areas of special concern to small business: Capital formation and retention; minority business

development; innovation and technology; inflation; veterans in business; Federal procurement; energy; women in business; government regulations and paperwork; economic policy and government programs; international trade; and education, training, and assistance.

Fifteen recommendations were given top-priority status. Eleven of the 15 called for changes involving taxation, inflation, or regulation.

Small business measures adopted since the Conference, and directly attributable to its impetus, include: The Regulatory Flexibility Act, the Innovation Development Act, the Equal Access to Justice Act, the Prompt Payment Act, and the Economic Recovery Tax Act, and numerous procurement initiatives given high priority by the delegates: e.g., increasing small concerns opportunity to bid on Federal procurement through decreased sole source contracting and longer lead time on publication of opportunities in the Commerce Business Daily, Public Law 98–72; and lessening of the Federal Government practice of retainage.

Congress recognized the Conference as a continuing implementation process that would require continuing hard work by even more people in the years ahead. At the time of the Conference, delegates also recognized this and pledged to return in 2 years to evaluate progress—both the Government's and their own—in achieving the objectives of its 60 recommendations. Resolution 11 of the Conference established the framework for delegate involvement in the continuing process of implementation.

Because of the many recommendations requiring legislation, the Small Business National Unity Council, the delegate followup group, worked with congressional delegations by providing Members of Congress and their staffs with information and advice on the recommendations. It is to fulfill that promise to reconvene and followup on the delegates' recommendations that the second Conference be called.

The Chief Counsel for Advocacy served as counsel to the 1980 Conference. Resolution 11 called on him to continue to serve and to provide whatever assistance the Office of Advocacy could. The committee continues to believe the Chief Counsel should play a large part in this process as an active participant. Advocacy can provide the continuity to make the Conference—the event, the results, and the continuing process—an important and useful tool to enhance and strengthen small business in the United States.

Implementation of Conference recommendations is a formidable task. It requires cooperation among the small business community and the executive and legislative branches of the Federal Government. Within the mandate of the Office, the Chief Counsel must support this continuing process.

The committee expects that the preliminary conferences will be conducted along the lines of the 1980 Conference. Indeed, H.R. 5298 is a codification of the procedure used in conducting the 1980 White House Conference.

WHAT THE BILL WOULD DO

By terms of this act, Congress calls upon the President to conduct a National White House Conference on Small Business to be held between January 1, 1985, and September 1, 1986, after conducting State or regional conferences in each State. The President would appoint

an executive director and personnel to direct the planning and administration of the Conference. Each Department and Agency of the Federal Government would provide such cooperation and assistance, including the assignment of personnel, as might be necessary.

SBA assistance could be made to public agencies and private organizations for purposes of conducting conferences within the States. However, funds expended by SBA under the act would have to be provided by Congress in advance.

The Conference would submit a report with recommendations to the President and to Congress no later than 6 months following the convening of the final Conference. The report would include recommendations with special attention to the status of minorities and women as business owners and the status of the 1980 Conference recommendations. SBA would report annually for 3 years as to the status of the recommendations as a followup measure.

Conference directors and personnel would receive compensation and travel expenses while they are engaged in their duties with the White House Conference. Those also employed by the Federal Government in other capacities would receive per diem and reimbursement for their travel expenses but not additional compensation. SBA's Chief Counsel for Advocacy would provide extensive support for the Conferences.

The cooperation and assistance of appropriate Federal agencies, including the assignment of personnel, would be available to the Conference. The committee anticipates that the actual operation of the White House Conference will be directed by staff hired for that purpose and parallel the operations of the 1980 Conference. The Chief Counsel for Advocacy is again expected to play a large role in providing technical assistance and preparing materials for use by conference participants.

The committee continues to believe that there should be the broadest possible participation in the White House Conference at State and regional levels. It should provide the opportunity for concerned individuals and organizations to discuss issues and problems confronting small business at State and Federal levels, and to develop solutions to those issues. The bill mandates, prior to the National Conference, a conference in each State which shall be open to all representatives of small business concerns. The selection process for delegates to the National Conference calls for a mix, primarily of those elected by participating small businesses, and also those appointed by government officials, the President and Members of Congress. All nonelected delegates must be from small businesses.

The bill provides as a funding authorization for conducting the White House Conference "such sums as may be necessary." The committee anticipates that the cost of carrying out the White House Conference on Small Business will be approximately $5 million, slightly more than the cost of the 1980 Conference. Each participant in the conferences must be responsible for his or her expenses. Any funds not expended would revert to the U.S. Treasury.

CONCLUSION

This bill is the result of extensive experience of this committee with the benefits of the first White House Conference in 1980. It has unanimous small business support and was unanimously ordered favorably reported to the House by the members of the committee.

Your committee believes that the forum provided by a second White House Conference is needed by the Nation's small businesses if a climate is to be provided in which they may prosper; and especially to reverse recent trends which show that record numbers of small concerns cease doing business each year.

Your committee believes that this bill represents a reasonable and inexpensive means of helping all small businesses throughout the Nation; and that preservation of a viable small business community must be a top priority of the Congress.

MATTERS REQUIRED TO BE DISCUSSED UNDER HOUSE RULES

In compliance with clause 2(l)(2) of rule XI of the House of Representatives, the following statement is made relative to the vote on the motion to report H.R. 5298:

A majority of the committee voted in person and was actually present and the motion was approved by a voice vote.

In compliance with clause 2(l)(3) of rule XI of the Rules of the House of Representatives, the following statements are made:

With regard to subdivision (A), relating to oversight findings, the committee finds, in keeping with clause 2(b)(1) of rule X, that this legislation is in full compliance with the provision of this rule of the House which states:

> In addition, each such committee shall review and study any conditions or circumstances which may indicate the necessity or desirability of enacting new or additional legislation within the jurisdiction of that committee. * * *

With regard to subdivision (B), relating to the statement required by section 308(a) of the Congressional Budget Act of 1974, the following statement is made relative to the legislation:

> Section 3(a)(2) of the Congressional Budget Act defines the term "tax expenditures" as those revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion exemption, or deduction, from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability.

None of the provisions of H.R. 5298 deals with taxation and thus, in your committee's opinion, this bill does not provide new or increased tax expenditures.

Section 3(a)(2) of the Congressional Budget Act defines the term "budget authority" as authority provided by law to enter into obligations which will result in immediate or future outlays involving Government funds.

Under this definition, it is the final action of Congress that authorizes an agency to enter into obligations which constitutes new budget authority. In those cases which entail (1) an authorization for an agency to undertake a program; (2) an authorization for appropriation of funds to permit that agency to enter into obligations; and (3) an actual appropriation of such funds, it would be only the final action of Congress in appropriating funds which constitutes the budget authority.

None of the provisions of H.R. 5298 appropriates funds and thus, in your committee's opinion, the bill does not provide new budget authority. Accordingly, no comparison of budget authority, outlays or tax expenditures or 5-year projections have been made.

With regard to subdivisions (C) and (D), the cost estimate of the Director of the Congressional Budget Office relative to H.R. 5298 follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., April 5, 1984.

Hon. PARREN J. MITCHELL,
Chairman, Committee on Small Business, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for H.R. 5298, the White House Conference on Small Business Authorization Act.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

RUDOLPH G. PENNER.

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

APRIL 5, 1984.

1. Bill number: H.R. 5298.

2. Bill title: White House Conference on Small Business Authorization Act.

3. Bill status: As ordered reported by the House Committee on Small Business, April 4, 1984.

4. Bill purpose: H.R. 5298 would authorize the President to convene a National White House Conference on Small Business. The bill would require that the findings and recommendations of the conference be reported to the President and the Congress, and that the Small Business Administration report annually for 3 years on the status and implementation of the recommendations. Such sums as may be necessary are authorized to be appropriated to carry out the activities specified in the bill.

5. Estimated cost to the Federal Government: The estimated budget impact of H.R. 5298 is shown in the following table.

	Millions
Estimated authorization level:	
Fiscal year:	
1985	$5.3
1986	----
1987	----
1988	----
1989	----
Estimated outlays:	
Fiscal year:	
1985	2.4
1986	2.9
1987	----
1988	----
1989	----

In addition, this bill would authorize the use of Federal employees and resources, as necessary, to plan and administer the conference. It is not likely that additional appropriations will be required for this purpose, however.

The costs of this bill fall within budget function 370.

Basis of estimate: A similar White House Conference on Small Business was held in 1980 at a cost of about $4 million. The estimated authorization level for fiscal year 1985 reflects the cost, adjusted for inflation, of the 1980 conference. Outlays are estimated based on expenditures of the earlier conference.

6. Estimated cost to State and local governments: None.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Mary Maginniss.

10. Estimated approved by:

C. G. NUCKOLS
(For James L. Blum,
Assistant Director for Budget Analysis).

No oversight findings or recommendations have been made by the Committee on Government Operations with respect to the subject matter contained in H.R. 5298.

In compliance with clause 2(l)(4), the committee concludes that the provisions of this legislation in and of themselves will have no inflationary impact on prices and costs in the operation of the national economy.

In compliance with clause 7, rule XIII of the House of Representatives, the committee makes the following statement:

The cost attributable to this bill for the current fiscal year and for fiscal years 1985–89 are approximately $5 million.

No cost estimate was submitted by any Government agency on H.R. 5298 to your committee.

In your committee's opinion, the above statements fully comply with the Rules of the House of Representatives.

SECTION-BY-SECTION ANALYSIS

This act may be cited as the White House Conference on Small Business Authorization Act.

Section 2, subsection (a), provides that the President shall conduct a National White House Conference on Small Business between January 1, 1985, and September 1, 1986, subsequent to at least one conference being held in each State.

Subsection (b) authorizes State and regional level conferences and other activities prior to the National Conference.

Section 3 provides that the purpose of the Conference is to assemble small businesses to increase public awareness of the essential contribution of small business; to identify the problems of small business; to examine the status of minorities and women as small business owners; to assist small business in carrying out its role as the Nation's job creator; to develop such specific and comprehensive recommendations for Executive and legislative action as may be appropriate for main-

taining and encouraging the economic viability of small business and, thereby, the Nation; and to review the status of recommendations adopted at the 1980 White House Conference on Small Business.

Section 4, subsection (a), provides that the Conference shall bring together individuals concerned with small business issues; and small business representatives may not be denied admission to any State or regional meeting. It also prohibits the imposition of fees except a $10 registration fee and a fee to recover the costs of any meals provided to participants.

Subsection (b) specifies that delegates to the National Conference shall be elected at the State and regional meetings. Additional delegates, who shall be individuals from small businesses, shall be appointed: 100 by the President and one each by each Senator, Member of Congress, and Governor.

Section 5, subsection (a), authorizes all Federal departments and agencies to support and assist with the Conference.

Subsection (b) requires SBA to assist with the Conference, including through contracts.

Subsection (c) requires SBA's Chief Counsel for Advocacy to prepare and provide background materials for the Conferences.

Subsection (d) provides that Conference participants are responsible for their own expenses.

Subsection (e) authorizes the President to appoint and compensate conference staff. It also authorizes Federal departments to detail staff to the Conference.

Section 6 requires a report from the Conference within 6 months after it convenes. The report, which would include findings and recommendations, would be submitted to the President and Congress.

Section 7 requires SBA, for 3 years, to report annually to Congress on the status and implementation of the findings and recommendations of the Conference.

Section 8, subsection (a), authorizes the appropriation of such sums as may be necessary. It also limits new spending and contract authority to amounts provided in advance in appropriations acts.

Subsection (b) prohibits use of SBA funds to support the Conference. It also provides that if there are unexpended funds from the Conference appropriation, they go back to the U.S. Treasury.

Section 9 makes the act effective October 1, 1984.

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